

UNEMPLOYMENT BENEFITS FOR “UNDEREMPLOYED” WORKERS

An “Underemployed” worker is one who

- works less than “full-time” as the employer defines that term, and
- earns less in a week than 1.6 times his/her weekly unemployment rate

If a worker drawing unemployment benefits finds a part-time job, the worker may be able to claim a reduced unemployment benefit for the week. The worker must be “underemployed” or “unemployed.” A worker is “unemployed” if he or she has no earnings in a week. A worker is “underemployed” if the worker works less than full-time in a week (as the employer defines “full time”) and earns less than 1.6 times his or her unemployment benefit rate

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- The unemployment benefit is reduced 40¢ for every \$1.00 of earnings in a week
- The combination of earnings and unemployment benefits payable in the week cannot exceed 1.6 times the worker’s weekly unemployment benefit rate.

To calculate how much an underemployed worker can receive in unemployment benefits for a week, two requirements must be satisfied:

The first requirement is that for every dollar the worker earns in the week in gross wages, the worker’s unemployment benefits for the week must be reduced by 40 cents.

The second requirement is that the combination of unemployment benefits paid for the week and the worker’s earnings for the week cannot exceed 1.6 times the worker’s weekly unemployment benefit rate.

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To work out a calculation, let's assume the following:

- **A** The worker's weekly unemployment benefit rate is \$120 per week
- **B** The worker earns gross wages of \$140 in the week.

We'll do a sample calculation. In this example, let's say the worker's weekly unemployment benefit rate is \$120, and the worker has gross earnings for the week of \$140.

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- C** 40% of \$140 = \$56 (Earnings Offset)
- D** \$120 - \$56 = \$64 (Tentative Benefit ‘TB’)
- E** \$140 + \$64 = \$204 (Earnings + TB)
- F** \$120 x 1.6 = \$192 (Overall limitation)
- G** \$204 - \$192 = \$12 (Excess of limitation)
- H** \$64 - \$12 = \$52 (Final Benefit)

You’ll recall that the first rule in making the calculation is to take 40% of the worker’s earnings for the week (in this case, 40% of \$140 = \$56).

Subtracting that amount from the worker’s calculated weekly benefit amount gives a reduced, “tentative” benefit amount of \$64.

The combination of wages (of \$140) and tentative benefits adds up to \$204.

But 1.6 times the weekly benefit amount is \$192. The combination of benefits and wages in a week cannot exceed \$192 for this claimant, so \$204 is \$12 too much.

Therefore, the tentative weekly benefit amount of \$64 must be reduced by that \$12, resulting in a final reduced benefit amount of \$52.

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STEPS	INSTRUCTIONS	RESULT
A	Enter weekly unemployment benefit amount	\$120
B	Enter gross earnings in the week; round down.	\$140
C	Multiply B by 0.4%	\$56
D	Subtract C from A . Round down. If result is less than zero, enter “0”.	\$64
E	Add together B and D .	\$204
F	Multiply A by 1.6	\$192
G	Subtract F from E . Round down. If result is less than zero, enter “0”.	\$12
H	Subtract G from D . Round down. Result will be amount of benefit payment for the week.	\$52

Here’s a useful table for making the calculation of the reduced weekly benefit amount, based on earnings. Remember, this only applies to individuals working less than full-time in a week, as the employer defines “full-time.”

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The result is that the worker could draw a reduced unemployment benefit payment for the week of \$52.00

The reduced payment still reduces the worker's balance of weeks of benefits payable by one full week

So, in this example, the claimant would be entitled to a benefit payment of \$52 for the week.

Note that even though the worker's benefit rate is greatly reduced for the week, one full week is still reduced from the worker's balance of weeks of benefits on the claim.